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**TISHOMINGO COUNTY**  
**Iuka, Mississippi**

***Audited Financial Statements  
and Special Reports***

***For the Year Ended September 30, 2018***



***Certified Public Accountants***

# TISHOMINGO COUNTY

## TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITORS' REPORT	2-4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5-12
FINANCIAL STATEMENTS	13
Statement of Net Position	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Position	21
Notes to Financial Statements	22-44
REQUIRED SUPPLEMENTARY INFORMATION	45
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - General Fund	46
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - Contract Fabricators, Inc. Fund	47
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - Hago Automotive Fund	48
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - MS Silicon Fund	49
Schedule of the County's Proportionate Share of the Net Pension Liability	50
Schedule of County Contributions	51
Notes to the Required Supplementary Information	52-54
SUPPLEMENTARY INFORMATION	55
Reconciliation of Operating Costs of Solid Waste	56
OTHER INFORMATION	57
Schedule of Surety Bonds for County Officials	58-59
SPECIAL REPORTS	60
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61-62
Independent Accountants' Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972))	63-66
Limited Internal Control and Compliance Review Management Report	67-71
SCHEDULE OF FINDINGS AND RESPONSES	72-75

# ***FINANCIAL SECTION***



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Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors  
Tishomingo County, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tishomingo County, Mississippi, (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## **Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units**

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units has not been determined.

## **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Tishomingo County, Mississippi, as of September 30, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tishomingo County, Mississippi as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tishomingo County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Reconciliation of Operating Cost of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020, on our consideration of Tishomingo County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tishomingo County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tishomingo County, Mississippi's internal control over financial reporting and compliance.



The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Red Bay, Alabama  
November 25, 2020

**Tishomingo County  
Management's Discussion and Analysis  
FYE September 30, 2018**

## **INTRODUCTION**

The discussion and analysis of Tishomingo County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2018. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

Tishomingo County is located in northeastern Mississippi. The population, according to the 2010 census, is 19,593. The local economic base is driven mainly by a transition from manufacturing to wholesale distributors and a service-oriented economy. The service economy consists primarily of tourism, recreation, health, and education. Manufacturing remains an integral part of the local economy.

## **FINANCIAL HIGHLIGHTS**

Tishomingo County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting, strong internal controls, and keeping debt low.

The County's total assets for the year were \$88,971,790, and total liabilities were \$25,704,674. The total deferred outflows of resources were \$874,930, and total deferred inflows of resources were \$7,174,143. The total net position for the year was \$56,967,903. This represents an increase in total net position of \$1,480,606 from the prior fiscal year.

The County's total revenues for the year were \$15,351,626, representing an increase of \$515,793 from the prior fiscal year. Tax revenues account for \$6,521,702 or 43% of total revenues. Federal, state, and local government revenues in reimbursements, shared revenue or grants, account for \$7,582,517 or 49% of total revenues. Charges for services account for \$1,247,407, or 8% of the County's total revenues.

The County had \$13,871,020 in total expenses, representing a decrease of \$813,273 from the prior fiscal year. General government expenses account for \$3,733,691, or 27% of total expenses. Public safety accounts for \$2,382,791 or 17% and public works account for \$4,416,881 or 32% of total expenses. Economic development expenses account for \$1,462,492, or 10% of total expenses. Health and welfare, culture and recreation, conservation of natural resources, interest on long-term debt, and pension expense account for \$1,875,165 or 14% of the County's total expenses. Expenses of \$4,189,698 were offset by charges for services and operating or capital grants and contributions. General revenues of \$11,161,928 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$7,245,474 in revenues and \$6,479,321 in expenditures. Total other financing sources and uses netted an increase of \$1,729, which resulted in the General Fund's fund balance increasing \$767,882 from the prior year.

Among major funds, the Contract Fabricators, Inc. Fund had \$91,474 in revenues and \$266,207 in expenditures. Total other financing sources and uses netted an increase of \$175,227, which resulted in the Contract Fabricator, Inc. Fund's fund balance increasing \$494 from the prior year.

Among major funds, the Hago Automotive Fund had \$56,949 in revenues and \$146,647 in expenditures. Total other financing sources and uses netted an increase of \$52,113, which resulted in the Hago Automotive Fund's fund balance decreasing \$37,585 from the prior year.

Among major funds, the Mississippi Silicon Fund had \$411,218 in revenues and \$403,635 in expenditures. Mississippi Silicon Fund's fund balance increased \$7,583 from the prior year.

Capital assets, net of accumulated depreciation, as of September 30, 2018, were \$63,347,265. Capital assets, net of accumulated depreciation increased \$725,739 from the prior year.



Long-term debt decreased by \$565,130. Other loans were issued in the amount of \$705,789. Leases and other loans were retired in the amount of \$14,002 and \$986,917, respectively. Bonds payable were retired in the amount of \$270,000.

Net pension liability increased by \$315,110 from the prior year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

**Figure 1 – Required Components of the County's Annual Report**

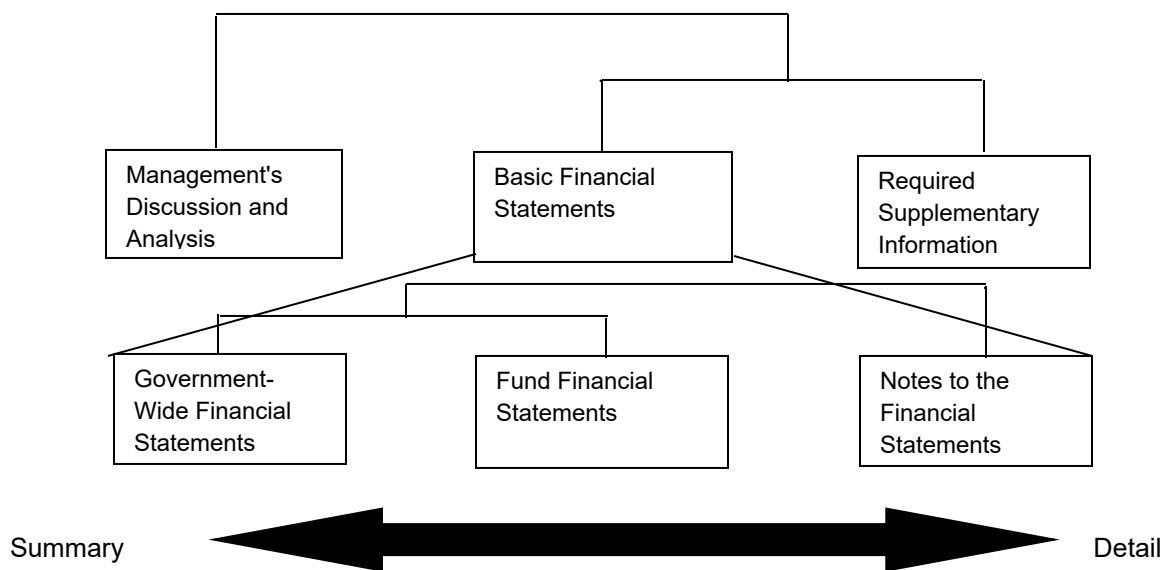


Figure 1 shows how the required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

**Figure 2 – Major Features of the County’s Government-Wide and Fund Financial Statements**

	<b>Government-Wide Financial Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	<b>Entire County government (except fiduciary funds) and component units</b>	<b>All activities of the County that are not business-type or fiduciary in nature</b>	<b>The County is the trustee agent for someone else’s resources</b>
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• <b>Statement of Net Position</b></li> <li>• <b>Statement of Activities</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Balance Sheet</b></li> <li>• <b>Statement of Revenues, Expenditures and Changes in Fund Balances</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Statement of Fiduciary Net Position</b></li> <li>• <b>Statement of Changes in Net Position</b></li> </ul>
<b>Accounting basis and measurement focus</b>	<b>Accrual accounting and economic resources focus</b>	<b>Modified accrual accounting and current financial resources focus</b>	<b>Accrual accounting and economic resources focus</b>
<b>Type of asset, deferred outflow, liability, deferred inflow information</b>	<b>All assets and liabilities both financial and capital and short and long term. All deferred inflows/outflows are also included</b>	<b>Only assets expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included</b>	<b>All assets and liabilities, both short and long-term</b>
<b>Type of inflow/outflow information</b>	<b>All revenues and expenses during the year, regardless of when cash is received or paid</b>	<b>Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter</b>	<b>All revenues and expenses during the year, regardless of when cash is received or paid</b>

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County finances like private-sector businesses.

The **Statement of Net Position** presents information on all County assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **Statement of Activities** presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development; pension expense, and interest on long-term debt. The County has no business-type activities.

The government-wide financial statements can be found on pages 14 and 15 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 17 and 19, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental funds' Balance Sheet and the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined and presented in these reports as other governmental funds.

The basic governmental financial statements can be found on pages 16 and 18 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because those funds' resources are not available to support the County's programs.

The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Net Position, which can be found on page 20 of the report.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 22 through 44 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process and pension standards.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each major special revenue fund. This required supplementary information can be found on pages 46 through 49 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position** – Net position may serve over time as a useful indicator of a government's financial position. In the case of Tishomingo County, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$56,967,903 as of September 30, 2018.

By far, the most considerable portion of the County's net position (100.62%) reflects its investment in capital assets (e.g., roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease, and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions, including the net results of activities, the acquisitions, payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the County's net position for the fiscal years ended September 30, 2018, and 2017:

<u>Governmental Activities</u>	2018	2017
Current assets	\$ 25,624,525	\$ 25,102,100
Capital assets, net	63,347,265	62,621,526
Total assets	<u>88,971,790</u>	<u>87,723,626</u>
<b>Deferred Outflows of Resources:</b>		
Deferred outflows related to pensions	447,052	575,341
Deferred amount on refunding	427,878	463,534
Total deferred outflows of resources	<u>874,930</u>	<u>1,038,875</u>
Current liabilities	1,388,693	1,229,509
Long-term debt outstanding	15,776,447	16,341,577
Net pension liability	8,539,534	8,224,424
Total liabilities	<u>25,704,674</u>	<u>25,795,510</u>
<b>Deferred Inflows of Resources:</b>		
Deferred inflows related to pensions	244,076	283,244
Deferred revenues – property taxes	5,001,598	5,077,134
Deferred revenues – capital lease receivables	1,928,469	2,119,316
Total deferred inflows of resources	<u>7,174,143</u>	<u>7,479,694</u>
<b>Net position:</b>		
Net investment in capital assets	57,323,660	56,262,113
Restricted	5,357,163	5,469,619
Unrestricted	(5,712,920)	(6,244,435)
Total net position	<u>\$ 56,967,903</u>	<u>\$ 55,487,297</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position:

- Increase in net capital assets of \$725,739.
- The principal retirement of \$1,270,919 of long-term debt.

Changes in Net Position – Tishomingo County's total revenues for the fiscal year ended September 30, 2018, was \$15,351,626. The total cost for all services provided was \$13,871,020, increasing the net position of \$1,480,606. The following table summarizes the changes in net position for the fiscal years ended September 30, 2018, and 2017.

**Governmental Activities**

**Revenues:**

	2018	2017
Program revenues		
Charges for services	\$ 1,247,407	\$ 1,197,646
Operating grants and contributions	2,023,160	2,867,719
Capital grants and contributions	919,131	580,884
General revenues		
Property taxes	6,262,297	5,805,591
Road & bridge privilege tax	259,405	263,329
Grants and contributions not restricted to specific programs	2,695,586	2,571,232
Other	1,944,640	1,549,432
<b>Total Revenues</b>	<b>15,351,626</b>	<b>14,835,833</b>

**Expenses:**

General government	\$ 3,733,691	\$ 4,769,403
Public safety	2,382,791	2,154,890
Public works	4,416,881	4,543,551
Health and welfare	172,048	164,073
Culture and recreation	94,050	85,500
Conservation of natural resources	224,369	28,718
Economic development and assistance	1,462,492	1,343,875
Interest on long-term debt	488,096	533,971
Pension expense	896,602	1,060,312
<b>Total Expenses</b>	<b>13,871,020</b>	<b>14,684,293</b>

<b>Net Change</b>	<b>1,480,606</b>	<b>151,540</b>
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<b>Prior Period Adjustments</b>	<b>-</b>	<b>48,976</b>
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<b>Increase (Decrease) in Net Position</b>	<b>\$ 1,480,606</b>	<b>\$ 200,516</b>
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**Governmental Activities** – The following table presents the cost of nine major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development and Assistance, Interest on Long-term Debt, and Pension Expense.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost indicates the financial burden placed on Tishomingo County's taxpayers by each of these functions.

	2018	
	Total Costs	Net Costs
General government	\$ 3,733,691	\$ (2,912,110)
Public safety	2,382,791	(2,084,173)
Public works	4,416,881	(1,899,566)
Health and welfare	172,048	(172,048)
Culture and recreation	94,050	(94,050)
Conservation of natural resources	224,369	(224,369)
Economic development and assistance	1,462,492	(910,308)
Interest on long-term debt	488,096	(488,096)
Pension expense	896,602	(896,602)

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

**Governmental funds** – At the close of the fiscal year, Tishomingo County's governmental funds reported a combined fund balance of \$6,828,208, an increase of \$1,135,920.

## BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

For the year, Tishomingo County did not revise its annual operating budget until the end of the fiscal year. At the end of the fiscal year, Tishomingo County amended its budget to reflect actual revenues received and expenditures made. After the final adjustments, actual revenues and disbursements were equal to the final budget amounts.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and each major Special Revenue fund is provided in this report as required supplementary information.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** – As of September 30, 2018, Tishomingo County's total capital assets were \$122,699,479. This includes land, construction in progress, buildings, improvements other than buildings, mobile equipment, furniture and equipment, roads, bridges, other infrastructure, and leased property under capital lease.

Total accumulated depreciation as of September 30, 2018, was \$59,352,214, including \$1,511,126 of depreciation expense for the year. The balance in total net capital assets was \$63,347,265 at year-end. This amount represents an increase from the previous year of \$725,739.

Additional information on Tishomingo County's capital assets can be found in note 7 on page 31-32 of this report.

**Debt Administration** – At September 30, 2018, Tishomingo County had \$15,776,447 in long-term debt outstanding. This includes other loans, obligations under capital lease, and bond payable. Of this debt, \$1,472,602 is due within one year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of the total assessed value. The County's outstanding debt is significantly below its current limit of 26 million dollars.

Below is a table showing the activity on long-term debt for this fiscal year. This table breaks down the debt by type of issue.

#### **Long-Term Debt Analysis**

	<u>Balance 10/1/2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 9/30/2018</u>	<u>Due within One Year</u>
Other loans	\$ 11,790,814	636,500	986,917	11,440,397	1,162,188
Capital leases	30,763	69,289	14,002	86,050	25,414
Bonds payable	<u>4,520,000</u>	<u>-</u>	<u>270,000</u>	<u>4,250,000</u>	<u>285,000</u>
Total	\$ <u>16,341,577</u>	<u>705,789</u>	<u>1,270,919</u>	<u>15,776,447</u>	<u>1,472,602</u>

#### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Tishomingo County Chancery Clerk's Office at 1008 Battleground Drive, Iuka, Mississippi 38852.

# ***FINANCIAL STATEMENTS***



**TISHOMINGO COUNTY**  
Statement of Net Position  
September 30, 2018

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 7,620,967
Property tax receivable	5,001,598
Fines receivable (net of allowance for uncollectibles of \$479,217)	389,080
Loans receivable	34,672
Capital leases receivable	12,093,054
Intergovernmental receivables	340,643
Other receivables	144,511
Capital assets:	
Land and construction in progress	13,005,435
Other capital assets, net	50,341,830
Total Assets	<u>88,971,790</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	447,052
Deferred amount on refunding	427,878
Total Deferred Outflows of Resources	<u>874,930</u>
<b>LIABILITIES</b>	
Claims payable	806,712
Accrued liabilities	165,773
Intergovernmental payables	234,039
Accrued interest payable	76,108
Amounts held in custody for others	106,061
Long-term liabilities	
Net pension liability	8,539,534
Due within one year:	
Capital debt	693,751
Non-capital debt	778,851
Due in more than one year:	
Capital debt	5,757,732
Non-capital debt	8,546,113
Total Liabilities	<u>25,704,674</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	244,076
Deferred revenues - property taxes	5,001,598
Deferred revenues - capital lease receivables	1,928,469
Total Deferred Inflows of Resources	<u>7,174,143</u>
<b>NET POSITION</b>	
Net investment in capital assets	57,323,660
Restricted for:	
Expendable:	
General government	46,824
Public safety	543,465
Public works	1,572,208
Health and welfare	25,963
Economic development	2,389,311
Debt service	744,720
Nonexpendable	34,672
Unrestricted	(5,712,920)
Total Net Position	<u>\$ 56,967,903</u>

The notes to the financial statements are an integral part of this statement.

**TISHOMINGO COUNTY**  
Statement of Activities  
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and
		Charges for	Operating	Capital	Changes in Net Position
		Services	Grants and	Grants and	Governmental
			Contributions	Contributions	Activities
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 3,733,691	817,879	-	3,702	(2,912,110)
Public safety	2,382,791	233,811	64,807	-	(2,084,173)
Public works	4,416,881	195,717	1,958,353	363,245	(1,899,566)
Health and welfare	172,048	-	-	-	(172,048)
Culture and recreation	94,050	-	-	-	(94,050)
Conservation of natural resources	224,369	-	-	-	(224,369)
Economic development and assistance	1,462,492	-	-	552,184	(910,308)
Interest on long-term debt	488,096	-	-	-	(488,096)
Pension expense	896,602	-	-	-	(896,602)
Total Governmental Activities	\$ 13,871,020	1,247,407	2,023,160	919,131	(9,681,322)
General revenues					
Property taxes				\$	6,262,297
Road & bridge privilege taxes					259,405
Grants and contributions not restricted to specific programs					2,695,586
Unrestricted interest income					494,259
Miscellaneous					1,450,381
Total General Revenues					11,161,928
Changes in Net Position					1,480,606
Net Position - Beginning					55,487,297
Net Position - Ending				\$	56,967,903

The notes to the financial statements are an integral part of this statement.

**TISHOMINGO COUNTY**  
Balance Sheet - Governmental Funds  
September 30, 2018

	<b>Major Funds</b>					
	<b>General Fund</b>	<b>Contract Fabricators, Inc. Fund</b>	<b>Hago Automotive Fund</b>	<b>MS Silicon Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash	\$ 1,666,608	3,190	6,229	243,896	5,701,044	7,620,967
Property tax receivable	2,562,084	-	-	308,796	2,130,718	5,001,598
Fines receivable (net of allowance for uncollectibles of \$479,217)	389,080	-	-	-	-	389,080
Loans receivable	-	-	-	-	34,672	34,672
Capital leases receivable	-	3,577,732	2,252,502	4,036,342	2,226,478	12,093,054
Intergovernmental receivables	131,999	-	-	-	208,644	340,643
Other receivables	53,761	-	-	-	90,750	144,511
Due from other funds	83	-	-	-	51,465	51,548
Advances to other funds	-	-	-	-	315,752	315,752
Total Assets	<u>\$ 4,803,615</u>	<u>3,580,922</u>	<u>2,258,731</u>	<u>4,589,034</u>	<u>10,759,523</u>	<u>25,991,825</u>
<b>LIABILITIES</b>						
Liabilities:						
Claims payable	\$ 260,812	-	-	-	545,900	806,712
Accrued liabilities	117,257	-	-	-	48,516	165,773
Intergovernmental payables	223,399	-	-	-	10,640	234,039
Due to other funds	51,465	-	-	-	83	51,548
Advances from other funds	8,940	-	-	-	306,812	315,752
Amounts held in custody of others	106,061	-	-	-	-	106,061
Total Liabilities	<u>767,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>911,951</u>	<u>1,679,885</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenue - property taxes	2,562,084	-	-	308,796	2,130,718	5,001,598
Unavailable revenue - fines	389,080	-	-	-	-	389,080
Unavailable revenue - capital lease receivables	-	3,577,732	2,252,502	4,036,342	2,226,478	12,093,054
Total Deferred Inflows of Resources	<u>2,951,164</u>	<u>3,577,732</u>	<u>2,252,502</u>	<u>4,345,138</u>	<u>4,357,196</u>	<u>17,483,732</u>
<b>Fund balances:</b>						
Nonspendable:						
Loans receivable	-	-	-	-	34,672	34,672
Restricted for:						
General government	3,344	-	-	-	43,480	46,824
Public safety	6,242	-	-	-	537,223	543,465
Public works	-	-	-	-	1,556,422	1,556,422
Health and welfare	-	-	-	-	25,963	25,963
Debt service	-	-	-	-	820,828	820,828
Assigned to:						
Public works	-	-	-	-	15,786	15,786
Economic development and assistance	-	3,190	6,229	-	2,379,892	2,389,311
Unassigned	1,074,931	-	-	243,896	76,110	1,394,937
Total Fund Balances	<u>1,084,517</u>	<u>3,190</u>	<u>6,229</u>	<u>243,896</u>	<u>5,490,376</u>	<u>6,828,208</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,803,615</u>	<u>3,580,922</u>	<u>2,258,731</u>	<u>4,589,034</u>	<u>10,759,523</u>	<u>25,991,825</u>

The notes to the financial statements are an integral part of this statement.

**TISHOMINGO COUNTY**  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
September 30, 2018

	<u>Amount</u>
<b>Total Fund Balance - Governmental Funds</b>	\$ 6,828,208
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$59,352,214.	63,347,265
Fines receivables that have accrued at year end but are not available to liquidate liabilities of the current period are not reported in the funds.	389,080
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(15,776,447)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(8,539,534)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(76,108)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	10,164,585
Deferred amount on refunding	427,878
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	447,052
Deferred inflows of resources related to pensions	(244,076)
<b>Total Net Position - Governmental Activities</b>	<b>\$ <u><u>56,967,903</u></u></b>

**TISHOMINGO COUNTY**  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2018

	<b>Major Funds</b>				<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Contract</b>	<b>Hago</b>	<b>MS</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Fabricators, Inc.</b>	<b>Automotive</b>	<b>Silicon</b>	<b>Funds</b>	<b>Funds</b>
		<b>Fund</b>	<b>Fund</b>	<b>Fund</b>		
<b>REVENUES</b>						
Property taxes	\$ 3,429,040	-	-	306,089	2,527,168	6,262,297
Road & bridge privilege taxes	-	-	-	-	259,405	259,405
Licenses, commissions, and other revenue	297,197	-	-	-	1,386	298,583
Fines and forfeitures	313,235	-	-	-	5,967	319,202
Intergovernmental revenues	2,570,601	-	-	-	3,067,276	5,637,877
Charges for services	368,675	-	-	-	376,898	745,573
Interest income	157,490	91,474	56,949	105,129	83,217	494,259
Miscellaneous revenues	109,236	-	-	-	1,223,641	1,332,877
Total Revenues	<u>7,245,474</u>	<u>91,474</u>	<u>56,949</u>	<u>411,218</u>	<u>7,544,958</u>	<u>15,350,073</u>
<b>EXPENDITURES</b>						
Current:						
General government	3,632,152	-	-	-	-	3,632,152
Public safety	2,194,062	-	-	-	352,714	2,546,776
Public works	-	-	-	-	5,145,714	5,145,714
Health and welfare	172,048	-	-	-	-	172,048
Culture and recreation	94,050	-	-	-	-	94,050
Conservation of natural resources	100,821	-	-	-	-	100,821
Economic development and assistance	223,810	-	-	-	1,671,558	1,895,368
Debt service:						
Principal	57,248	175,227	97,053	318,138	623,253	1,270,919
Interest	5,130	90,980	49,594	85,497	221,976	453,177
Total Expenditures	<u>6,479,321</u>	<u>266,207</u>	<u>146,647</u>	<u>403,635</u>	<u>8,015,215</u>	<u>15,311,025</u>
Excess of Revenues over (under) Expenditures	<u>766,153</u>	<u>(174,733)</u>	<u>(89,698)</u>	<u>7,583</u>	<u>(470,257)</u>	<u>39,048</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term capital debt issued	-	-	-	-	705,789	705,789
Transfers in	15,894	-	-	-	299,517	315,411
Transfers out	(14,165)	-	(61,938)	-	(239,308)	(315,411)
Lease principal payments	-	175,227	114,051	-	101,805	391,083
Total Other Financing Sources and Uses	<u>1,729</u>	<u>175,227</u>	<u>52,113</u>	<u>-</u>	<u>867,803</u>	<u>1,096,872</u>
Net Changes in Fund Balances	<u>767,882</u>	<u>494</u>	<u>(37,585)</u>	<u>7,583</u>	<u>397,546</u>	<u>1,135,920</u>
Fund Balances - Beginning, originally reported	316,635	2,696	43,814	(163,687)	5,492,830	5,692,288
Prior period adjustment	-	-	-	400,000	(400,000)	-
Fund Balances - Beginning, as restated	<u>316,635</u>	<u>2,696</u>	<u>43,814</u>	<u>236,313</u>	<u>5,092,830</u>	<u>5,692,288</u>
Fund Balances - Ending	<u>\$ 1,084,517</u>	<u>3,190</u>	<u>6,229</u>	<u>243,896</u>	<u>5,490,376</u>	<u>6,828,208</u>

The notes to the financial statements are an integral part of this statement.

## TISHOMINGO COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2018

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ 1,135,920
Amounts reported for governmental activities in the Statement of Activities are different because:	
Government Funds report capital outlays as expenditures. However in the Statement of of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$2,121,825 exceeded depreciation of \$1,511,126 in the current period.	610,699
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:	
Donated Assets	117,500
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of (\$2,460), and proceeds from the sale of (\$0) in the current period.	(2,460)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(115,951)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,270,919 exceeded debt proceeds of \$705,789.	565,130
Amortization of deferred outflows of loss on early retirement of bonds reported on Statement of Activities.	(35,656)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by the following item:	
Accrued interest payable	737
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(391,083)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(896,602)
Recording of contributions made for the current fiscal year	492,371
Rounding	1
Change in Net Position of Governmental Activities	\$ 1,480,606

**TISHOMINGO COUNTY**  
Statement of Fiduciary Net Position  
September 30, 2018

	<u>Private-purpose Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash	\$ 2,500,000	175,618
Total Assets	\$ 2,500,000	175,618
<b>LIABILITIES</b>		
Amounts held in custody for others	\$ -	58,600
Intergovernmental payables	-	117,018
Total Liabilities	\$ -	175,618
<b>NET POSITION</b>		
Held in trust for:		
Individuals, organizations, and other governments	\$ 2,500,000	

The notes to the financial statements are an integral part of this statement.

**TISHOMINGO COUNTY**  
Statement of Changes in Fiduciary Net Position  
For the Year Ended September 30, 2018

	<u>Private-purpose Trust Fund</u>
<b>ADDITIONS</b>	
Investment income:	
Interest and dividends	\$ 51
Total Additions	<u>51</u>
<b>DEDUCTIONS</b>	
Payments in accordance with trust agreements	<u>51</u>
Total Deductions	<u>51</u>
Changes in Net Position	-
Net Position - Beginning	<u>2,500,000</u>
Net Position - Ending	<u>\$ 2,500,000</u>

The notes to the financial statements are an integral part of this statement.



**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Tishomingo County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Tishomingo County to present these financial statements on the primary government and its component units, which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Tishomingo County Economic Development Foundation
- Tishomingo County Economic Authority

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Contract Fabricators, Inc. Fund - This fund is used to account for capital lease and debt payments used for economic development.

Hago Automotive Fund – This fund is used to account for capital lease and debt payments used for economic development.

MS Silicon Fund – This fund is used to account for monies used in construction to be used for economic development.

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

Additionally, the County reports the following fund types:

**GOVERNMENTAL FUND TYPES**

Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**FIDUCIARY FUND TYPES**

Agency Funds – These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

Private-purpose Trust Funds – These funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

**D. Account Classifications.**

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

**E. Deposits and Investments.**

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

**F. Receivables.**

Receivables are reported net of allowances for uncollectible accounts, where applicable.

**G. Interfund Transactions and Balances.**

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other funds.” Noncurrent portions of interfund receivables and payables are reported as “advances to/from other funds.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources.

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**H. Capital Assets.**

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

\* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred amount on refunding – For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues – property taxes/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred revenues – capital lease receivables/unavailable revenue – capital lease receivables – When a capital lease receivable is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

J. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

L. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Government fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County.

*Nonspendable fund balance* includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Assigned fund balance* includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by the County.

*Unassigned fund balance* is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

**Fund Balance Flow Assumption:**

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

**M. Property Tax Revenues:**

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

**N. Intergovernmental Revenues in Governmental Funds.**

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

**O. Compensated Absences.**

The County has adopted a policy of compensation for accumulated unpaid employee benefits and maintained adequate records for determining the amount of the liability. No liability is recorded in the accompanying financial statements as required by accounting principles generally accepted in the United States of America. We believe the effects of the unrecorded liability on the financial statements are immaterial.

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

(2) Prior Period Adjustments.

A summary of the significant net position adjustments is as follows:

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds

Explanation	Amount
To correct the advance repaid in the prior period for operation purposes from MS Silicon Fund to Economic Development Fund.	\$ 400,000
To correct the advance repaid in the prior period for operation purposes from MS Silicon Fund to Economic Development Fund.	(400,000)
Total	\$ -

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$10,296,585, and the bank balance was \$10,513,483. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2018:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	\$ 51,465
General Fund	Other Governmental Funds	83
Total		\$ 51,548

The receivables represent tax revenue collected in September 2018, but not settled until October 2018. All interfund balances are expected to be repaid within one year from the date of the financial statements.



**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

B. Advances From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	\$ 8,940
Other Governmental Funds	Other Governmental Funds	306,812
Total		<u>\$ 315,752</u>

The advances represent amounts owed for unexpected repairs and operating cash in funds in which money has not been received.

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 15,894
Other Governmental Funds	General Fund	14,165
Other Governmental Funds	Hago Automotive Fund	61,938
Other Governmental Funds	Other Governmental Funds	223,414
Total		<u>\$ 315,411</u>

The principal purpose of the interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2018, consisted of the following:

**Governmental Activities:**

Description	Amount
Reimbursement for housing prisoners	\$ 2,760
Legislative tax credit	96,992
State motor vehicle license privilege tax	23,676
Gas tax	40,733
Hago Automotive	150,184
Solid waste disposal fees	13,144
Youth court	988
Timber Severance	514
Other	11,652
Total Governmental Activities	<u>\$ 340,643</u>

(6) Loans Receivable.

Loans receivable balance at September 30, 2018, is as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
Town of Tishomingo	12/28/07	1.00%	12/31/24	\$ 34,672
Total				<u>\$ 34,672</u>

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

The future minimum loan receivables and the present value of the net minimum loan receivables as of September 30, 2018, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 5,479	\$ 322
2020	5,534	267
2021	5,589	211
2022	5,645	155
2023	5,702	98
2024-2025	6,723	41
Total	<u>\$ 34,672</u>	<u>\$ 1,094</u>

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2018:

<u>Governmental Activities:</u>	<u>Balance</u> <u>10/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>9/30/18</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 12,158,089	148,003	-	-	12,306,092
Construction in progress	741,953	1,370,589	-	(1,413,199)	699,343
Total non-depreciable capital assets	<u>12,900,042</u>	<u>1,518,592</u>	<u>-</u>	<u>(1,413,199)</u>	<u>13,005,435</u>
<u>Depreciable capital assets:</u>					
Infrastructure	61,240,603	-	-	923,252	62,163,855
Buildings	33,047,859	100,000	-	178,098	33,325,957
Improvements other than buildings	4,529,809	50,383	-	311,849	4,892,041
Mobile equipment	7,186,814	469,474	8,600	-	7,647,688
Furniture and equipment	1,471,809	31,587	16,000	-	1,487,396
Leased property under capital lease	107,818	69,289	-	-	177,107
Total depreciable capital assets	<u>107,584,712</u>	<u>720,733</u>	<u>24,600</u>	<u>1,413,199</u>	<u>109,694,044</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	41,310,065	152,734	-	-	41,462,799
Buildings	8,488,939	652,588	-	-	9,141,527
Improvements other than buildings	1,276,778	195,701	-	-	1,472,479
Mobile equipment	5,442,332	381,444	7,740	-	5,816,036
Furniture and equipment	1,267,474	106,482	14,400	-	1,359,556
Leased property under capital lease	77,640	22,177	-	-	99,817
Total accumulated depreciation	<u>57,863,228</u>	<u>1,511,126</u>	<u>22,140</u>	<u>-</u>	<u>59,352,214</u>
Total depreciable capital assets, net	<u>49,721,484</u>	<u>(790,393)</u>	<u>2,460</u>	<u>1,413,199</u>	<u>50,341,830</u>
Governmental activities capital assets, net	<u>\$ 62,621,526</u>	<u>728,199</u>	<u>2,460</u>	<u>-</u>	<u>63,347,265</u>

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

Depreciation expense was charged to the following functions:

Governmental Activities	Amount
General government	\$ 295,338
Public safety	201,659
Public works	622,924
Economic development	391,205
Total Governmental Activities Depreciation Expense	\$ <u>1,511,126</u>

The fixed asset adjustments were to reclassify assets from construction in progress to buildings, improvements other than buildings, and infrastructure for the completed luka and Airport projects, and completed roads and bridges.

Commitments with respect to unfinished capital projects at September 30, 2018, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
AIP #3-28-0006-018-2018	\$ 197,910	July 2019
LSBP 71(16) Bridge #70	377,009	May 2020
Hago Automotive project	2,908,398	May 2020
ATK Project	596,798	July 2020

(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Operating Leases.

As Lessor:

On April 1, 2016, Tishomingo County entered into a non-cancellable operating lease agreement with General Atomics Corporation for the lease of property/premises located at Tri-State Commerce Park owned by the County for the purpose of conducting the business activities of General Atomics Corporation. The operating lease stipulated that the lessee would pay approximately \$7,125 per month in lease payments commencing on April 1, 2016 for a term of 5 years. At the end of the lease term, General Atomics Corporation has the option to renew for 2 additional terms of 5 years at a rate of \$7,125 per month.

On March 6, 2012, Tishomingo County entered into a non-cancellable operating lease agreement with Plant Process Support, Inc. for the lease of the premises located at 28 Industrial Park Drive, Burnsville, MS owned by the County for the purpose of conducting business of a powder coat painting operation, production, and shipping. The operating lease stipulated that the lessee would pay approximately \$338.54 per month in lease payments commencing on April 1, 2015 for a term of 2 years. The lease stipulated there is a 3 year abatement at the beginning of the lease in which Plant Process Support,

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

Inc. does not owe rent. Plant Process Support, Inc. agreed to invest \$50,000 into the endeavor and create 7 full time jobs in return for the abatement. At the end of the lease term, Plant Process Support, Inc. has the option to renew for an additional term of 5 years, at a rate of \$677.08 per month and a second additional term of 5 more years at a rate of \$1,015.63 per month. In addition the lessee agreed to reimburse the lessor for casualty insurance at a rate of \$3,000 per building per year.

On November 1, 2005, Tishomingo County entered into a non-cancellable five year operating lease agreement with Waterway, Inc. for the lease of Buildings #1010, 1012 and 1045 located at the Tri-State Commerce Park, MS owned by the County for the purpose of conducting business of Waterway, Inc., exclusively. This lease was amended on October 1, 2012 to stipulate that lessee would pay \$7,612 per month for remainder of renewal term. At the end of the lease term, Waterway, Inc. has the option to renew for an additional term of 5 years. In addition the lessee agreed to reimburse the lessor for casualty insurance at a rate of \$3,000 per building per year or provide proof of casualty insurance.

On August 15, 2011, Tishomingo County entered into a non-cancellable operating lease agreement with Ershigs, Inc. for the lease Building #1026, #1032, and #3011 located at the Tri-State Commerce Park, MS owned by the County for the purpose of conducting business of Ershigs, Inc., exclusively. The operating lease stipulated that building #3011 will be leased for a term of 25 years commencing September 1, 2011, and the remaining buildings will be leased for a term of 20 years commencing on the same date. Lessee will pay \$525 per month in consideration of lease of buildings #1026, #3011 and #1032. In addition the lessee agreed to reimburse the lessor for casualty insurance at a rate of \$3,000 per building per year.

On August 5, 2013, Tishomingo County entered into a non-cancellable operating lease agreement with Ershigs, Inc. for the lease Building #1020, located at the Tri-State Commerce Park, MS owned by the County for the purpose of conducting business of Ershigs, Inc., exclusively. The operating lease stipulated that the lessee would pay approximately \$500 per month in lease payments commencing July 1, 2013 for a term of 5 years. At the end of the lease term, Ershigs, Inc. has the option to renew for an additional 5 years. In addition the lessee agreed to reimburse the lessor for casualty insurance at a rate of \$3,000 per year.

On July 1, 2008, Tishomingo County entered into a non-cancellable operating lease agreement with Furniture Fabrics & More, LLC for the lease of the premises and/or property located at 338 Highway 72, Burnsville, MS 38833 owned by the County for the purpose of conducting business of Furniture Fabrics & More, LLC, exclusively. The operating lease stipulated that the lessee would pay approximately \$2,000 per month in lease payments commencing July 1, 2008 for a term of 5 years. At the end of the lease term, Furniture Fabrics & More, LLC has the option to renew for an additional 5 years. In addition the lessee agreed to reimburse the lessor for casualty insurance at a rate of \$3,000 per year.

On June 1, 2009, Tishomingo County entered into a non-cancellable operating lease agreement with G&G Steel, Inc., for the lease of Building #2042 owned by the County for the purpose of conducting business of steel fabricating and shipping and for any other lawful purpose for a seven year period. Beginning on the first day of the thirteenth month, the lessee shall pay \$1,000 per month for remainder of the lease. An amendment to the lease dated June 28, 2013, stipulated that the lease would be extended to 99 years and the lease payment would be free in exchange for the lessee's investment in the expansion and modification to the existing buildings. In addition the lessee agreed to reimburse the lessor for casualty insurance at a rate of \$3,000 per building per year.

On September 1, 1998, Tishomingo County entered into a non-cancellable operating lease agreement with Alliant Techsystems, Inc., for the lease of a portion of Building #1000 known as MIC room, owned by the County for the purpose of manufacturing and directly related activities. The operating lease stipulated the lessee would pay a lump sum of \$10,000 due on April 15, 2011, plus \$1.50 per square foot (28,790 sq. ft. total) to be paid in equal quarterly installments for the five year extension of April 2011 through March 2016. The next option to extend the term of the lease begins on April 15, 2016, and stipulates a lump sum of \$10,000 plus \$2.25 per square foot to be paid in equal quarterly installments.

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

On March 25, 1999, Tishomingo County entered into a non-cancellable operating lease agreement with Alliant Techsystems, Inc., for the lease of Building #1016 located at The Tri-State Commerce Park in Tishomingo County. The operating lease stipulated the building would be rent free for the first 24 months of the term. Then, the lessee will pay \$1.70 per square foot on 110,000 square foot building on a quarterly basis for the next 5 years. An amendment dated August 3, 1999, stipulated Alliant Techsystems, Inc., will occupy an additional 52,000 square feet of Building #1016, and will reduce the rate to \$1.25 per square foot on a total space of 317,000 square feet through December 2007. Then, the rate will increase to \$1.50 per square foot and remain at that rate for the remainder of the lease.

On April 5, 2010, Tishomingo County entered into a non-cancelable operating lease agreement with Alliant Techsystems, Inc., for the lease of rooms #600 and #643 located in building #1000, located at the Tri-State Commerce Park, for the purpose of running a corporate office and security operations. The operating lease stipulated that \$769 (\$1.00 per square foot) is to be paid January 1 of each year starting in 2010 with a renewal option each year through December 31, 2019.

On December 1, 2010, Tishomingo County entered into a ten-year non-cancellable operating lease agreement with KX Technologies LLC, for the lease of property/premises located at 36 Wildrose Drive, Iuka, MS more commonly known as the "Wildrose Building", owned by the County for the purpose of conducting business activities of drinking water products production and shipping, ancillary office use, or any other lawful purpose. The operating lease stipulated that the rent would be abated for the entire term of the lease provided the lessee makes all necessary repairs and preforms all maintenance obligations on the building. The lessee also agrees to hire 45 on site employees by the commencement date of the lease, December 1, 2010. If the lessee does not meet the provisions of the abatement, the lessor has the option to terminate the lease agreement or enforce the rent of \$60,000 per year for the term of the lease, 10 years. In addition, the lessee agrees to reimburse the lessor for insurance at a rate of \$3,000 per year.

On March 1, 2013, Tishomingo County entered into a non-cancellable operating lease agreement with Terry Wayne Nix/TW Nix Flying Service, Inc, for the lease of airport facilities located at the Tishomingo County Airport located within the city limits of Belmont. The operating lease stipulated that the lessee would provide certain services and pay \$1 per year commencing on March 3, 2013, for a period of 10 years. At the end of the lease term, the lessee has the option to extend the lease for an additional 10 years.

On September 22, 2011, Tishomingo County entered into a non-cancellable operating lease agreement with John Bostick DBA Sunshine Aviation, LLC, for the lease of airport facilities located at the Tishomingo County Airport located within the city limits of Belmont. The operating lease stipulated that the lessee would provide certain services and pay \$1 per year commencing on April 10, 2010. At the end of the lease term, the lessee has the option to extend the lease for an additional 10 years.

On October 22, 1963, Tishomingo County entered into an operating lease agreement with Consolidated Aluminum Corporation also known as "International Converter" for the lease of a building and land located in Tishomingo County as described in the lease agreement. The operating lease stipulated that the lessee would pay rent of \$1,885 per year. After the 20-year primary term, the lessee has the option to renew the lease for 70 consecutive renewal terms of one year and a final renewal term of nine years.

On May 9, 2013, Tishomingo County executed an addendum to the operating lease agreement with Consolidated Aluminum Corporation (International Converter LLC) for the lease of an addition to the existing building to be constructed by Tishomingo County. The operating lease stipulated that the lessee would pay rent of \$12,223 per month commencing January 1, 2013 for a period of 15 years.

On November 1, 2014, Tishomingo County entered into a non-cancellable operating lease agreement with Silver Dollar Sales for the lease of the premises and/or property known as "The Old Falcon Building" at 338 Highway 72, Burnsville, MS 38833 owned by the County for the purpose of conducting business of Furniture Fabrics & More, LLC, exclusively. The operating lease stipulated that the lessee

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

would pay approximately \$1,337.44 per month in lease payments commencing July 1, 2008 for a term of 5 years. At the end of the lease term, Furniture Fabrics & More, LLC has the option to renew for an additional 5 years. In addition, the lessee agreed to reimburse the lessor for casualty insurance at a rate of \$3,000 per year.

On September 4, 2018, Tishomingo County entered into a non-cancellable operating lease agreement with Tri-State Profiles for the lease of owned by the County for the purpose of conducting business as Tri-State Profiles. The operating lease stipulated that the lease would pay approximately \$2,000 per month in lease payments commencing September 4, 2019 after a 1-year abatement. At the end of the lease term, Tri-State does not have the right to renew for additional years. In addition, the lessee agreed to reimburse the lessor for casualty insurance at a rate of \$3,000 per year. The lease started with a 1-year abatement. The lease payments would start on September 4, 2019.

The county receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$972,365 for the year ended September 30, 2018. The future minimum lease receivables for these leases are as follows:

Year Ended September 30	Amount
2019	\$ 923,954
2020	914,185
2021	747,701
2022	199,094
2023	192,087
2024-2028	803,641
2029-2031	40,079
Total Minimum Payments Required	\$ <u>3,820,741</u>

(10) Capital Leases.

As Lessor:

On March 22, 2005, Tishomingo County entered into a capital lease agreement with Skyline Steel Pipe, Inc. for the lease of a steel processing facility. The capital lease stipulated that the lessee would pay principal and interest on the CAP loan, the RAIL loan, and on in-lieu funds, approximately \$5,214 per month for the first 10 years and \$3,821.85 for years 11-15 in lease payments commencing on March 22, 2005 for a term of fifteen years. At the end of the lease term, Skyline Steel Pipe, Inc. has the option to purchase the manufacturing facility for \$100, assuming all 60 rental payments (years 11-15) were made or Skyline Steel Pipe, Inc. pays the unamortized balance of all 3 loans at any time during the term of the lease.

On April 1, 2012, Tishomingo County entered into a capital lease agreement with Contract Fabricators, Inc. for the lease of a facility to conduct the business activities of Contract Fabricators, Inc. The capital lease stipulated that the lessee would pay \$22,225 commencing on April 1, 2012 for a term of twenty years. At the end of the lease term, the facility will be transferred to Contract Fabricators, Inc. upon completion of the underlying debt.

On December 15, 2012, Tishomingo County entered into a capital lease agreement with Comfort Revolution LLC for the lease of the building also known as the "Schnadig Building" to be for the purpose of conducting the business activities of Comfort Revolution. The capital lease stipulated that the lessee would be rent free for the first 3 years and then pay approximately \$7,255 commencing January 1, 2016 for a term of twenty years. At the end of the lease term, Comfort Revolution LLC has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

On November 20, 2014, Tishomingo County entered into a capital lease agreement with Vanleigh RV for the lease of the building formerly known as the "New River Homes Building" to be for the purpose of conducting the business activities of Vanleigh RV. The capital lease stipulated that the lessee

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

would be rent free for the first 5 years and then pay approximately \$3,000 commencing January 1, 2019 for a term of twenty years. At the end of the lease term, Vanleigh RV has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

On October 10, 2014, Tishomingo County entered into a capital lease agreement with Villa International for the lease of the building located on Falcon Drive to be for the purpose of conducting the business activities of Villa International. The capital lease stipulated that the lessee would be rent free for the first 3 years and then pay approximately \$1,338 commencing December 1, 2017 for a term of twenty years. At the end of the lease term, Villa International has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

On February 1, 2016, Tishomingo County entered into a capital lease agreement with Bear Corrections, LLC for the lease of the old "Falcon Building" located on Falcon Drive to be for the purpose of conducting the business activities of Bear Corrections, LLC. The capital lease stipulated that they would pay approximately \$755 commencing December 1, 2017 for a term of five years. At the end of the lease term, Bear Corrections, LLC has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

On September 25, 2015, Tishomingo County entered into a capital lease agreement with Hago Automotive Corp for the lease of the building located at Yellow Creek Port, 11 CR 481, Iuka, to be for the purpose of conducting the business activities of Hago Automotive Corp. The capital lease stipulated they be entitled to a credit against the rent amounts first following due hereunder in the amount of \$20,500. Accordingly, as a result of such credit, no rent shall be due for the month of February, 2016 and only \$8,000 shall be due for the month of March, 2016. Hago Automotive will pay approximately \$14,250 commencing April 1, 2016 for a term of ten years and five months. At the end of the lease term, Hago Automotive Corp has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

On April 15, 2016, Tishomingo County entered into a capital lease agreement with MS Silicon for the lease of the building located at 80 CR 210, Burnsville, MS, to be for the purpose of conducting the business activities of MS Silicon. The capital lease stipulated they will pay approximately \$403,634 commencing April 15, 2017 for a term of ten years. At the end of the lease term, MS has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

The County leases the following property with varying terms and options as of September 30, 2018:

<u>Class of Property</u>	<u>Amount</u>
Land	\$ 631,631
Industrial facilities	18,406,433
Total	<u>\$ 19,038,064</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2018, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 725,704	\$ 275,507
2020	708,277	254,657
2021	744,766	234,761
2022	774,118	214,410
2023	795,053	193,475
2024-2028	4,307,797	632,246
2029-2033	1,973,483	123,068
2034-2035	135,387	345
Total	<u>\$ 10,164,585</u>	<u>\$ 1,928,469</u>

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile Equipment	\$ 177,107
Less: Accumulated Depreciation	<u>(99,817)</u>
Leased Property Under Capital Leases	\$ <u>77,290</u>

The following is a schedule by years of the total payments due as of September 30, 2018:

<u>Year ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 25,414	\$ 635
2020	19,508	92
2021	12,998	-
2022	12,998	-
2023	12,998	-
2024-2028	2,134	-
Total	\$ <u>86,050</u>	\$ <u>727</u>

(11) Defined Benefit Pension Plan.

*General Information about the Pension Plan*

**Plan Description.** Tishomingo County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

**Benefits Provided.** Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of



**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2018, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017, and 2016 were \$492,371, \$503,041 and \$482,457, respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At September 30, 2018, the County reported a liability of \$8,539,534 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2018 net pension liability was .051341 percent, which was based on a measurement date of June 30, 2018. This was an increase of .001866 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$896,602. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,437	35,998
Net difference between projected and actual earnings on pension plan investments	-	169,754
Changes of assumptions	5,039	4,717
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	272,231	33,607
County contributions subsequent to the measurement date	132,345	-
Total	\$ 447,052	244,076

\$132,345 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2019	\$ 184,650
2020	61,262
2021	(136,879)
2022	(38,402)
Total	\$ 70,631

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.25 – 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	-
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 11,244,115	8,539,534	6,291,669

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(12) Long-term Debt.

Debt outstanding as of September 30, 2018, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
Jail Project Series 2010 G.O.	\$ 455,000	4.35%	12-2030
Jail Project Series 2015 Refunding Bond	3,795,000	3.25%	12-2030
Total General Obligation Bonds	<u>\$ 4,250,000</u>		
B. Capital Leases:			
Fire truck	\$ 18,928	4.79%	03-2020
Excavator	67,122	0.00%	07-2024
Total Capital Leases	<u>\$ 86,050</u>		
C. Other Loans:			
MDA CAP loan – Eastport VFD	\$ 21,868	3.00%	03-2020
MDA CAP loan – Carters Branch VFD	17,929	3.00%	06-2023
MDA CAP loan – Skyline	76,728	3.00%	03-2022
MDA rail loan – Skyline	68,380	2.75%	03-2022
MDA CAP loan – Harmony Central VFD	16,694	3.00%	11-2020
MDA CAP loan – Carter Branch VFD	14,394	3.00%	07-2020
Airport T-Hangar	34,736	4.00%	07-2021
MDA CAP loan – International Converter	1,109,639	3.00%	12-2027
MDA CAP loan – Contract Fabricators	2,945,474	3.00%	03-2032
MDA CAP loan – Harmony Central VFD	42,128	3.00%	12-2022
TVA loan – Hago Automotive	527,398	3.00%	07-2023
MDA CAP loan – Comfort Revolution	845,263	3.00%	12-2032
MDA CAP loan – MS Silicon	2,872,028	2.68%	04-2027

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
MDA CAP Loan – Hago Automotive	\$ 1,489,694	3.00%	12-2030
MDA CAP Loan – Villa International	428,645	3.00%	08-2034
MDA CAP Loan – Hago Automotive	136,500	3.00%	04-2028
NEMPDD	225,159	2.00%	06-2022
New Holland T4 110 Tractor	27,065	2.95%	04-2022
2015 International Dump Truck	40,675	3.12%	01-2022
Road Three Capital	250,000	2.87%	05-2023
Road Four Capital	250,000	2.87%	05-2023
Total Other Loans	\$ <u>11,440,397</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Governmental Activities:

Year Ending September 30:	Other Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 1,162,188	299,445	\$ 285,000	112,003
2020	1,088,373	283,929	290,000	103,811
2021	1,094,018	253,311	295,000	96,725
2022	1,065,354	222,790	305,000	90,725
2023	1,006,170	193,904	310,000	83,800
2024-2028	3,951,137	567,743	1,660,000	293,419
2029-2033	1,946,250	128,443	1,105,000	53,544
2034-2036	126,907	3,055	-	-
Total	\$ <u>11,440,397</u>	<u>1,952,620</u>	\$ <u>4,250,000</u>	<u>834,027</u>

**Legal Debt Margin** – The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2018, the amount of outstanding debt was equal to 2.98% of the latest property assessments.

**Advance Refunding** - On July 30, 2015, the County issued \$3,980,000 in general obligation refunding bonds with an average interest rate of 1.00-3.25% to advance refund \$3,350,000 of the following outstanding bond issue:

Issue	Average Interest Rate	Outstanding Amount Refunded
Jail Project Series 2010 G.O.	4.35-5.25%	\$ 3,350,000

The Jail Project Series 2010 G.O. had an outstanding balance of \$4,635,000 at the time of refunding, but only \$3,350,000 of the bond was refunded, leaving a remaining principal balance of \$1,285,000, of which \$200,000 was redeemed during fiscal year 2015, \$205,000 redeemed during fiscal year 2016, \$210,000 was redeemed during fiscal year 2017, and \$225,000 was redeemed during fiscal year 2018.

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

The net proceeds of \$3,884,847 (after payment of \$95,153 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The County advance refunded the above bonds to reduce its total debt service payments over the next 5 years by almost \$125,000; however, the advance refunding resulted in an economic loss of \$92,269.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2018, \$3,350,000 of bonds outstanding were considered defeased.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

	Balance Oct. 1, 2017	Additions	Reductions	Balance Sept. 30, 2018	Amount due within one year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 4,520,000	-	270,000	4,250,000	285,000
Capital leases	30,763	69,289	14,002	86,050	25,414
Other loans	11,790,814	636,500	986,917	11,440,397	1,162,188
Total	\$ 16,341,577	705,789	1,270,919	15,776,447	1,472,602

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balance at September 30, 2018:

Fund	Deficit Amount
1 <sup>st</sup> District Volunteer Fire Fund	\$ 8,389
Belmont Airport Fund	15,042
3 <sup>rd</sup> District Industrial Fund	11,151
Jail Project Fund	2,782

(14) Contingencies.

Federal Grants – The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation – The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

Maintenance Agreement – The County entered into a long-term maintenance agreement with the City of Burnsville for \$7,500 annually to maintain the boat ramp in Burnsville.

(15) Effect of Deferred Amounts on Net Position

The governmental activities unrestricted net position amount of (\$5,712,920) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$132,345 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$314,707 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next three years. The \$244,076 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next four years.

The governmental activities unrestricted net position amount of (\$5,712,920) includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$427,878 balance of the deferred outflows of resources at September 30, 2018, will be recognized as an expense and will decrease the unrestricted net position over the next thirteen years.

The governmental activities unrestricted net position amount of (\$5,712,920) includes the effect of recognition of deferring the recognition of revenue resulting from capital lease receivable. The \$1,928,469 balance of deferred inflows of resources at September 30, 2018, will be recognized as revenue and will increase the unrestricted net position over the next eighteen years.

(16) Related Organizations.

The Tishomingo County Board of Supervisors is responsible for appointing a voting majority of the members of the Tishomingo County Sewer District but the County's accountability for this organization does not extend beyond making the appointments to this organization.

(17) Joint Ventures.

The County participates in the following joint ventures:

Tishomingo County is a participant in the Northeast Regional Library, a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972). The library was organized under a contract between the counties of Alcorn, Prentiss, Tippah and Tishomingo. Tishomingo County appoints one of the four-member board. By contractual agreement, the County's appropriation this year to the joint venture amounted to \$94,050. Complete financial statements for the Northeast Regional Library can be obtained from the Northeast Regional Library, 1023 Fillmore Street, Corinth, MS 38834.

(18) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Northeast Mississippi Regional Solid Waste Authority was organized to provide solid waste disposal services to the counties of Benton, Prentiss, Tippah, and Tishomingo, and the cities of Ashland, Booneville and Ripley. Each of the 7 members has one vote with a guarantee that the member of the Board of Supervisors whose district contains the landfill is a permanent member of the Authority. User Governments will be billed on the volume of solid waste from each government.

**TISHOMINGO COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2018

The Regional IV Mental Health-Mental Retardation Commission is composed of the counties of Alcorn, Prentiss, Tippah, and Tishomingo. The board of commissioners is comprised of one appointee from each county Board of Supervisors. The County appropriated \$34,200 for fiscal year 2018.

Northeast Mississippi Planning and Development District operates in a district composed of the counties of Alcorn, Benton, Marshall, Prentiss, Tippah, and Tishomingo. The governing body is a 24-member board of directors with four appointed by the Board of Supervisors of each member county. The County appropriated \$21,990 for fiscal year 2018.

Northeast Mississippi Community College operates in a district composed of the counties of Alcorn, Prentiss, Tippah, Tishomingo, and Union. The Tishomingo County Board of Supervisors appoints two of the 15 members of the college board of trustees. The County appropriated \$472,027 for maintenance and support of the college in fiscal year 2018.

Northeast Mississippi Community Action Agency operates in a district composed of the counties of Alcorn, Benton, Marshall, Tishomingo, and Prentiss. The board of directors is comprised of 21 total board members. Tishomingo County appoints 5 board members. The County appropriated \$77,805 for support of the agency in fiscal year 2018.

(19) Tax Abatements.

As of September 30, 2018, Tishomingo County provides tax exempt status to sixteen manufacturing companies subject to the requirements of GASB Statement No.77. These manufacturing companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill and community college taxes levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2018 totaled \$613,419.

(20) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Tishomingo County evaluated the activity of the County through November 25, 2020, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements. No adjustments were considered necessary to the financial statements.

Subsequent to September 30, 2018, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
03/19/20	2.68%	76,167	Other loan	Tax levy
07/01/20	3.00%	2,838,967	CAP loan	Lease payments

***REQUIRED  
SUPPLEMENTARY  
INFORMATION***



**TISHOMINGO COUNTY**  
 Budgetary Comparison Schedule  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2018  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 2,994,623	3,269,188	3,269,188	-
Road & bridge privilege tax	3,641	1,984	1,984	-
Licenses, commissions and other revenue	260,996	276,034	276,034	-
Fines and forfeitures	265,260	315,645	315,645	-
Intergovernmental revenues	2,858,369	2,947,961	2,947,961	-
Charges for services	99,790	345,539	345,539	-
Interest income	69,368	156,258	156,258	-
Miscellaneous revenues	191,445	121,572	121,572	-
Total Revenues	<u>6,743,492</u>	<u>7,434,181</u>	<u>7,434,181</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,658,313	3,820,445	3,820,445	-
Public safety	1,941,503	2,007,814	2,007,814	-
Health and welfare	170,463	164,197	164,197	-
Culture and recreation	94,050	94,050	94,050	-
Conservation of natural resources	66,615	64,886	64,886	-
Economic development and assistance	207,795	208,285	208,285	-
Debt service:				
Principal	-	62,376	62,376	-
Total Expenditures	<u>6,138,739</u>	<u>6,422,053</u>	<u>6,422,053</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>604,753</u>	<u>1,012,128</u>	<u>1,012,128</u>	<u>-</u>
<b>OTHER FINANCING SOURCES/USES</b>				
Transfers in	-	15,894	15,894	-
Transfers out	(85,461)	(14,216)	(14,216)	-
Total Other Financing Sources and Uses	<u>(85,461)</u>	<u>1,678</u>	<u>1,678</u>	<u>-</u>
Net Change in Fund Balance	519,292	1,013,806	1,013,806	-
Fund Balance - Beginning	<u>822,190</u>	<u>757,200</u>	<u>757,200</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,341,482</u>	<u>1,771,006</u>	<u>1,771,006</u>	<u>-</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

**TISHOMINGO COUNTY**  
 Budgetary Comparison Schedule  
 Budget and Actual (Non-GAAP Basis)  
 Contract Fabricators, Inc. Fund  
 For the Year Ended September 30, 2018  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous revenue	\$ 266,701	266,701	266,701	-
Total Revenues	<u>266,701</u>	<u>266,701</u>	<u>266,701</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Debt service:				
Principal	267,000	175,227	175,227	-
Interest	-	90,980	90,980	-
Total Expenditures	<u>267,000</u>	<u>266,207</u>	<u>266,207</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(299)</u>	<u>494</u>	<u>494</u>	<u>-</u>
Net Change in Fund Balance	(299)	494	494	-
Fund Balance - Beginning	<u>23,891</u>	<u>2,695</u>	<u>2,695</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 23,592</u></u>	<u><u>3,189</u></u>	<u><u>3,189</u></u>	<u><u>-</u></u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

**TISHOMINGO COUNTY**  
 Budgetary Comparison Schedule  
 Budget and Actual (Non-GAAP Basis)  
 Hago Automotive Fund  
 For the Year Ended September 30, 2018  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest income	\$ 171,000	171,000	171,000	-
Total Revenues	<u>171,000</u>	<u>171,000</u>	<u>171,000</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal Retirement	135,000	97,053	97,053	-
Interest	-	49,594	49,594	-
Total Expenditures	<u>135,000</u>	<u>146,647</u>	<u>146,647</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>36,000</u>	<u>24,353</u>	<u>24,353</u>	<u>-</u>
<b>OTHER FINANCING SOURCES/USES</b>				
Transfers out	-	(61,938)	(61,938)	-
Total Other Financing Sources and (Uses)	<u>-</u>	<u>(61,938)</u>	<u>(61,938)</u>	<u>-</u>
Net Change in Fund Balance	36,000	(37,585)	(37,585)	-
Fund Balance - Beginning	<u>132,933</u>	<u>202,271</u>	<u>202,271</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 168,933</u>	<u>164,686</u>	<u>164,686</u>	<u>-</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

**TISHOMINGO COUNTY**  
 Budgetary Comparison Schedule  
 Budget and Actual (Non-GAAP Basis)  
 MS Silicon Fund  
 For the Year Ended September 30, 2018  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	-	306,089	306,089	
Use for money and property	368,635	-	-	-
Interest income	-	105,129	105,129	-
Miscellaneous revenue	35,000	-	-	-
Total Revenues	<u>403,635</u>	<u>411,218</u>	<u>411,218</u>	<u>-</u>
<b>EXPENDITURES</b>				
Economic development and assistance	404,000	-	-	
Debt service:				
Principal	-	318,138	318,138	-
Interest	-	85,497	85,497	-
Total Expenditures	<u>404,000</u>	<u>403,635</u>	<u>403,635</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(365)</u>	<u>7,583</u>	<u>7,583</u>	<u>-</u>
Net Change in Fund Balance	(365)	7,583	7,583	-
Fund Balance - Beginning	<u>(263,369)</u>	<u>(368,586)</u>	<u>(368,586)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (263,734)</u>	<u>(361,003)</u>	<u>(361,003)</u>	<u>-</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

**TISHOMINGO COUNTY**  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2018

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.051341%	0.049475%	0.048385%	0.050103%	0.048590%
County's proportionate share of the net pension liability (asset)	\$ 8,539,534	8,224,424	8,642,769	7,744,472	5,899,150
County's covered payroll	\$ 3,278,597	3,173,860	3,095,302	3,130,159	2,969,092
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.46%	259.13%	279.22%	247.41%	198.69%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%

\* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

**TISHOMINGO COUNTY**  
Schedule of County Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 492,371	503,041	482,457	500,428	475,638
Contributions in relation to the contractually required contribution	<u>492,371</u>	<u>503,041</u>	<u>482,457</u>	<u>500,428</u>	<u>475,638</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 3,126,165	3,193,911	3,063,219	3,177,321	3,019,924
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

**TISHOMINGO COUNTY**  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2018  
UNAUDITED

Budgetary Comparison Schedule

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

**TISHOMINGO COUNTY**  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2018  
**UNAUDITED**

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	Governmental Fund Types		
	General Fund	Contract Fabricators, Inc. Fund	Hago Automotive Fund
Budget (Cash Basis)	\$ 1,013,806	494	(37,585)
Increase (Decrease)			
Net adjustments for revenue accrual	(188,707)	(175,227)	(114,051)
Net adjustments for expenditure accruals	(57,268)	-	-
Net adjustments for other financing sources(uses) accruals	51	175,227	114,051
GAAP Basis	\$ <u>767,882</u>	<u>494</u>	<u>(37,585)</u>

	Governmental Fund Types	
	MS Silicon Fund	
Budget (Cash Basis)	\$ 7,583	
Increase (Decrease)		
Net adjustments for revenue accrual	-	
Net adjustments for expenditure accruals	-	
Net adjustments for other financing sources(uses) accruals	-	
GAAP Basis	\$ <u>7,583</u>	

Pension Schedules

A. Changes of assumptions

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.



**TISHOMINGO COUNTY**  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2018  
UNAUDITED

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

B. Changes in benefit provisions.

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Method and assumptions used in calculation of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2016 valuation for the June 30, 2018 fiscal year end).

The following actuarial methods and assumptions were used to determine the most recent contributions rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

# ***SUPPLEMENTARY INFORMATION***

**TISHOMINGO COUNTY**  
**Reconciliation of Operating Costs of Solid Waste**  
**For the Year Ended September 30, 2018**

Operating Expenditures, Cash Basis:

Salaries	\$	386,174
Expendable Commodities:		
Gasoline & petroleum products		75,709
Repair parts		101,230
Insurance & Fidelity Bonds		175
Utilities		4,326
Engineering Fees		1,840
Maintenance		1,475
Supplies		1,542
Hauling		271,245
Capital outlay		<u>174,158</u>
Solid Waste Cash Basis Operating Expenditures		1,017,874
Full Cost Expenses:		
Less, New Fixed Assets		(174,158)
Indirect administrative costs		9,682
Depreciation on equipment		91,061
Other accrued expenses		<u>45,498</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>989,957</u></u>

# ***OTHER INFORMATION***

**TISHOMINGO COUNTY**  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2018  
UNAUDITED

Name	Position	Company	Bond
Brandon Grissom	Supervisor District 1	Western Surety Co.	\$100,000
Nicky McRae	Supervisor District 2	Western Surety Co.	\$100,000
Michael Busby	Supervisor District 3	Western Surety Co.	\$100,000
Jeffery Holt	Supervisor District 4	Western Surety Co.	\$100,000
Greg Collier	Supervisor District 5	Western Surety Co.	\$100,000
Peyton Cummings	Chancery Clerk	Western Surety Co.	\$100,000
Gina Underwood	Chancery Clerk Deputy/Payroll	Western Surety Co.	\$75,000
Bobbie P. Phifer	Chancery Clerk Deputy	Western Surety Co.	\$50,000
Kelly Prather	Chancery Clerk Deputy	Western Surety Co.	\$50,000
Kristen Woodruff	Chancery Clerk Deputy	Western Surety Co.	\$50,000
Kelly Prather	Purchase Clerk	Western Surety Co.	\$75,000
Lynn West	Assistant Purchase Clerk	Western Surety Co.	\$50,000
Courtney Page	Receiving Clerk	Western Surety Co.	\$75,000
Brandon Brown	Assistant Receiving Clerk - District 1	Western Surety Co.	\$50,000
David Oaks	Assistant Receiving Clerk - District 2	Western Surety Co.	\$50,000
Ronnie Woodruff	Assistant Receiving Clerk - District 3	Western Surety Co.	\$50,000
Norris Carr	Assistant Receiving Clerk - District 4	Western Surety Co.	\$50,000
Timothy Wood	Assistant Receiving Clerk - District 5	Western Surety Co.	\$10,000
Tim Wilson	Assistant Receiving Clerk - Landfill	Western Surety Co.	\$50,000
Judy Robinson	Assistant Receiving Clerk - Sheriff	Western Surety Co.	\$50,000
Rodney Pannell	Assistant Receiving Clerk - Tristate	Western Surety Co.	\$50,000
Peyton Cummings	Inventory Control Clerk	Western Surety Co.	\$75,000
Gina Underwood	Assistant Inventory Control Clerk	Western Surety Co.	\$50,000
Donald Ray Thomas	Constable	Western Surety Co.	\$50,000
Jamie Stuart	Constable	Western Surety Co.	\$50,000
Donna Dill	Circuit Clerk	Western Surety Co.	\$100,000
Susan Long	Deputy Circuit Clerk	Western Surety Co.	\$100,000
Amanda Mathis	Deputy Circuit Clerk	Western Surety Co.	\$100,000
Kimberly Wilson	Deputy Circuit Clerk	Western Surety Co.	\$100,000
John Dennis Daugherty	Sheriff	Western Surety Co.	\$100,000
Lee Hollingsworth	Sheriff's Deputy	Western Surety Co.	\$50,000
Ronny Taylor	Sheriff's Deputy	Western Surety Co.	\$50,000
Thomas Mynatt	Sheriff's Deputy	Western Surety Co.	\$50,000
John Dipietro	Sheriff's Deputy	Western Surety Co.	\$50,000
Ryan Glover	Sheriff's Deputy	Western Surety Co.	\$50,000
Joseph Marlar	Sheriff's Deputy	Western Surety Co.	\$50,000
Darrell Hopkins	Sheriff's Deputy	Western Surety Co.	\$50,000
Scott Dalton	Sheriff's Deputy	Western Surety Co.	\$50,000
Jamie Reynolds	Sheriff's Deputy	Western Surety Co.	\$50,000
Jeremy Clark	Sheriff's Deputy	Western Surety Co.	\$50,000
Monica Bronson	Sheriff's Deputy	Western Surety Co.	\$50,000
Wesley Wellington	Sheriff's Deputy	Western Surety Co.	\$50,000
Greg Mitchell	Sheriff's Deputy	Western Surety Co.	\$50,000
Scott Marlin	Sheriff's Deputy	Western Surety Co.	\$50,000
Rodney Pannell	Sheriff's Deputy	Western Surety Co.	\$50,000
Shane Wood	Sheriff's Deputy	Western Surety Co.	\$50,000

**TISHOMINGO COUNTY**  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2018  
UNAUDITED

Name	Position	Company	Bond
Perry Mask	Sheriff's Deputy	Western Surety Co.	\$50,000
Adam Kostenlansky	Sheriff's Deputy	Western Surety Co.	\$50,000
Jeffrey Sparks	Sheriff's Deputy	Western Surety Co.	\$50,000
Christopher Bo Johnson	Sheriff's Deputy	Western Surety Co.	\$50,000
Alvis R. Durham	Sheriff's Deputy	Western Surety Co.	\$50,000
Ricky Cornelison	Sheriff's Deputy	Western Surety Co.	\$50,000
Jason Moore	Sheriff's Deputy	Western Surety Co.	\$50,000
James Wallace	Sheriff's Deputy	Western Surety Co.	\$50,000
David Derrick	Sheriff's Deputy	Western Surety Co.	\$50,000
Donnie J. Sparks	Justice Court Judge	Western Surety Co.	\$50,000
Clayton Cummings	Justice Court Judge	Western Surety Co.	\$50,000
Mechelle Pounders	Justice Court Clerk	Western Surety Co.	\$50,000
Edna Renee Shull	Deputy Justice Court Clerk	Western Surety Co.	\$50,000
Joy Brock Chatman	Deputy Justice Court Clerk	Western Surety Co.	\$50,000
Jena McNatt	Tax Collector	Western Surety Co.	\$100,000
Laura Hisaw	Deputy Tax Collector	Western Surety Co.	\$50,000
Kathy Helton	Deputy Tax Collector	Western Surety Co.	\$50,000
Sandy Kirk	Deputy Tax Collector	Western Surety Co.	\$50,000
Shailyn Davis	Deputy Tax Collector	Western Surety Co.	\$50,000
Wayne Crum	Tax Assessor	Western Surety Co.	\$50,000
Rebecca Oaks	Deputy Tax Assessor	Western Surety Co.	\$10,000
Shirley Maxwell	Deputy Tax Assessor	Western Surety Co.	\$10,000
Melissa Morris	Deputy Tax Assessor	Western Surety Co.	\$10,000
Audra Borden	Deputy Tax Assessor	Western Surety Co.	\$10,000
Shane Stegal	Sheriff's Jailer	Western Surety Co.	\$25,000
Jeannie Perry	Sheriff's Jailer	Western Surety Co.	\$50,000
Jonathan Curtis	Sheriff's Jailer	Western Surety Co.	\$25,000
Teresa Watson	Sheriff's Jailer	Western Surety Co.	\$25,000
Sabrina Morales	Sheriff's Jailer	Western Surety Co.	\$25,000
Wendy Thacker	Sheriff's Jailer	Western Surety Co.	\$25,000
James William Talley	Sheriff's Jailer	Western Surety Co.	\$25,000
Brett Weeks	Sheriff's Jailer	Western Surety Co.	\$25,000
Charles Kevin Thornton	Sheriff's Jailer	Western Surety Co.	\$25,000
Barbie Hanback	Sheriff's Jailer	Western Surety Co.	\$25,000
Cathy Ann Gordon	Sheriff's Jailer	Western Surety Co.	\$25,000
James Marlar	Sheriff's Jailer	Western Surety Co.	\$25,000
Timothy Largent	Sheriff's Jailer	Western Surety Co.	\$25,000
George Julen	Sheriff's Jailer	Western Surety Co.	\$25,000
Timothy Gullick	Sheriff's Jailer	Western Surety Co.	\$25,000
Paul Copeland	Sheriff's Jailer	Western Surety Co.	\$25,000
Cameron Oliver	Sheriff's Jailer	Western Surety Co.	\$25,000
Rusty Johnson	Sheriff's Jailer	Western Surety Co.	\$25,000
Dalton Colburn	Sheriff's Jailer	Western Surety Co.	\$25,000
James Murphy	Sheriff's Jailer	Western Surety Co.	\$25,000
Wallace F. Pace	Sheriff's Jailer	Western Surety Co.	\$25,000
William Reeves	Sheriff's Jailer	Western Surety Co.	\$25,000
Joshua Ligon	Sheriff's Jailer	Western Surety Co.	\$25,000
Christopher Fretwell	Sheriff's Jailer	Western Surety Co.	\$25,000
Terry Derrick Jackson	Sheriff's Jailer	Western Surety Co.	\$25,000
Thomas C. Patterson	Sheriff's Jailer	Western Surety Co.	\$25,000
Mitchell Walls	Sheriff's Jailer	Western Surety Co.	\$25,000
William C. Bivins	Sheriff's Jailer	Western Surety Co.	\$25,000

# ***SPECIAL REPORTS***



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Supervisors  
Tishomingo County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tishomingo County, Mississippi (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 25, 2020. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tishomingo County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tishomingo County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2018-001, 2018-002 and 2018-003 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tishomingo County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Tishomingo County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated November 25, 2020, included within this document.

### **Tishomingo County's Responses to Findings**

Tishomingo County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Tishomingo County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Red Bay, Alabama  
November 25, 2020



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**INDEPENDENT ACCOUNTANTS' REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors  
Tishomingo County, Mississippi

We have examined Tishomingo County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2018. The Board of Supervisors of Tishomingo County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Tishomingo County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. In our opinion, Tishomingo County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination and, in our opinion, is fairly presented in relation to that examination.

This report is intended for use in evaluating Tishomingo County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*The Sparks CPA Firm, P.C.*

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
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November 25, 2020

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**TISHOMINGO COUNTY**  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2018

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason For Accepting Other Than the Lowest Bid</u>
02/27/18	Storm Shelter	\$ 7,290	Fain Storm	\$ 6,930	The lowest bidder could not provide so they purchased from the alternate bidder.
02/27/18	Storm Shelter	7,290	Fain Storm	6,930	The lowest bidder could not provide so they purchased from the alternate bidder.
02/27/18	Storm Shelter	7,290	Fain Storm	6,930	The lowest bidder could not provide so they purchased from the alternate bidder.

**TISHOMINGO COUNTY**  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2018

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
11/08/17	Repair Leak	\$ 6,000	McNeely Plumbing & Elec.	Leak at Food Depot Building in concrete. Flooding of building MB 142 pg. 275

**TISHOMINGO COUNTY**  
Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2018

Schedule 3

Our tests did not identify any purchases made noncompetitively from a sole source.



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## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Tishomingo County, Mississippi

In planning and performing our audit of the financial statements of Tishomingo County, Mississippi for the year ended September 30, 2018, we considered Tishomingo County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Tishomingo County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated November 25, 2020, on the financial statements of Tishomingo County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Controls over repayment of interfund advances should be strengthened.

### Finding

As reported in prior years' audit reports, the County has interfund loans outstanding that are over a year old. These interfund loans total \$315,752 as of September 30, 2018. The Mississippi Code is silent regarding the authority of the County to make these loans. Failure to repay these loans constitutes a diversion of legally restricted funds.

### Recommendation

The Board of Supervisors should ensure that these loans are repaid as soon as possible.

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Phone: (256)356-9375

Muscle Shoals, Alabama  
Phone: (256)314-5082

Booneville, Mississippi  
Phone: (662)728-6172

Corinth, Mississippi  
Phone: (662)286-7082

Iuka, Mississippi  
Phone: (662)423-5057

#### Board of Supervisors' Response

We have paid some of the advances off and will continue to do so in the future.

2. Warrants were issued without sufficient money to pay the warrants.

#### Finding

Section 19-13-43, Miss. Code Ann. (1972) prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same. The County issued warrants on a fund that did not have sufficient money to pay the warrants. As reported in the prior year's audit report, at various times during the year, the following funds had negative cash balances:

- (a) General Fund
- (b) 1<sup>st</sup> District Fire Fund
- (c) Comfort Revolution Fund
- (d) International Converter Fund
- (e) Contract Fabricators, Inc. Fund
- (f) State Aid Road Fund
- (g) Block Grant Fund
- (h) Block Grant Clearing Fund

Failure to have sufficient cash balances in County funds before writing checks on these funds results in other funds' cash being used for purposes other than their intended purpose.

#### Recommendation

The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

#### Board of Supervisors' Response

We will comply.

3. The County should replace obsolete computer hardware and software.

#### Finding

As reported in the prior year's audit report, the County is running operating systems and applications on some of its personal computers (PCs) that might not be supported by vendors. Due to the lack of such support, these systems could become vulnerable to hackers and malware such as viruses.

#### Recommendation

We recommend that the County develop a plan to replace the operating systems, applications, and hardware necessary that is no longer supported by vendors as soon as possible.

#### Board of Supervisors' Response

The County has upgraded computers and hardware beginning in the fall of 2019 through spring 2020. The County will activate a 4 to 5-year upgrade of all computer hardware.

4. The County should strengthen passwords.

Finding

As reported in the prior year's audit report, the County is using some parameters associated with password strength that do not meet industry-standard best practices, thereby creating an unnecessary risk for County information assets.

Recommendation

We recommend that the County improve its password strength by changing password parameters to comply with password management best practices and industry standards.

Board of Supervisors' Response

The County will set domain passwords to change every 90 days and set CRMS passwords to change every six months. All users statewide will have to agree to anything less than six months. Tishomingo County has requested to have password rotation changed to 90 days. Delta Computer Systems (AS400) passwords will be set to change every 90 days. All other systems have acceptable industry standards.

5. The County should create a rotation of back-ups offsite.

Finding

As reported in the prior year's audit report, the County is currently using an automated system to perform daily back-ups of the AS400. Upon clarification of the back-up processes, auditors determined that the tapes should be taken offsite, as no other copy of County data was being stored at an offsite location. Without proper offsite storage of back-up files and applications, material damage could be realized by the County, and its processes should a catastrophic event occur involving the County's building and servers. Risk and probabilities of material loss escalate in relationship to the longer an exposure goes unmitigated.

Recommendation

We recommend that the County implement a plan to ensure that all back-up files are taken offsite regularly and stored in a safe and secure location. The County should document this in the County's Disaster Recovery Plan. It would be convenient and safe to place the back-up tapes in the night deposit drop with a bank's proximity and then place them in a safe deposit box the next day. It is further recommended that tapes be kept at the bank for several days (e.g., two weeks) if a disaster situation that required recovery and problems in reading recovery tapes were experienced.

Board of Supervisors' Response

The County prepares back-ups every night, and tapes are rotated daily and stored in a fireproof vault. In the future, when our AS400 server is nearing its life expectancy, we will join the Three Rivers Planning and Development District AS400 server plan, which includes an offsite replication or back-up service at the C-Spire Technology Center in Starkville, MS. This will resolve any potential disaster scenario.



6. The County should establish and test a disaster recovery process.

Finding

As reported in the prior year's audit report, the County has not established a disaster recovery process. As a result, the County cannot fully ensure that the information systems can be restored in a timely manner. Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. *Control Objectives for Information and Related Technology* (CobiT, Section DS4), as well as recognized industry best practices, require a written disaster recovery plan be developed and tested regularly to provide orderly recovery of vital functions in the event of a hardware or environmental disaster. Failure to maintain an adequate recovery plan could impede the County's ability to regain computer operations in the event of a disaster.

There are a number of steps that an organization can take to prevent or minimize the damage to automated operations that may occur from unexpected events. One example is routinely backing up data files and programs and periodically restoring these files and programs as part of a formal, documented disaster recovery exercise. Such actions maintain the organization's ability to restore data files, which may be impossible to re-create.

The County is currently creating back-up files, but is not restoring such files as part of a formal, documented disaster recovery exercise. Without proper assurance that back-up files can be utilized to adequately restore all critical data in a timely manner in the event of a disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's buildings and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

Recommendation

We recommend that the County develop, implement, and test a plan to ensure that critical data and applications are recoverable in case of a disaster scenario. In order to do this it will be necessary to gain an understanding from vendors involved in the back-up process of the types of back-ups that should be created, on what frequency these back-ups should be created, the processes necessary to create the various types of back-ups and the responsibilities of the various parties involved, including county personnel and vendor personnel. Furthermore, these procedures and responsibilities should be documented and agreed upon by all parties involved.

We also recommend that the County develop and implement a disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be subjected to proper testing, and employees should be made aware of their responsibilities in the event of a disaster. The plan should be stored in a safe, accessible location and updated when needed in order to maintain readiness for a disaster scenario.

Board of Supervisors' Response

We have two main servers: AS400 and CRMS. AS400 server is backed up every workday, and the back-up file is stored in a fireproof vault. In the future, when our AS400 server is nearing its life expectancy, we will join the Three Rivers Planning Development District AS400 server plan, which includes offsite replication or back-up service at the C-Spire Technology Center in Starkville, MS. This will resolve any potential disaster scenario. CRMS server is already backed up every workday at a separate location managed by TRPDD. We feel that we meet the requirements for any disaster scenario.

Tishomingo County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Red Bay, Alabama  
November 25, 2020

# ***SCHEDULE OF FINDINGS AND RESPONSES***

**TISHOMINGO COUNTY**  
Schedule of Findings and Responses  
For the Year Ended September 30, 2018

Section 1: Summary of Auditors' Results

***Financial Statements:***

- |    |  |            |
|----|--|------------|
| 1. | Type of auditors' report issued on the financial statements: |            |
|    | Governmental Activities                                      | Unmodified |
|    | Aggregate discretely presented component units               | Adverse    |
|    | General Fund   | Unmodified |
|    | Contract Fabricators, Inc. Fund                              | Unmodified |
|    | Hago Automotive Fund   | Unmodified |
|    | MS Silicon Fund  | Unmodified |
|    | Aggregate remaining fund information                         | Unmodified |
| 2. | Internal control over financial reporting:                   |            |
|    | a. Material weakness identified?                             | No         |
|    | b. Significant deficiencies identified?                      | Yes        |
| 3. | Noncompliance material to the financial statements noted?    | No         |

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency.

2018-001      Criteria:

The Mississippi Enterprise Security Policy requires network access reviews be performed, at a minimum, every three years or more frequently whenever business situations change that might raise the level of risk for unauthorized access to an entity's data assets.

Condition:

As reported in prior years' audits, a network access review is warranted. The County failed to have a network access reviewed as required by Mississippi Enterprise Security Policy.

Effect:

Hacks into networks, especially internet facing networks, are a common occurrence in today's information technology environment. Data breaches can cost breached entities fines, regulatory oversight, bad public relations, customer distrust and personnel time to correct issues caused by unauthorized access. Consequences can be both short-term (e.g., notification of breached parties) and long-term (e.g., lawsuits).

Cause:

The potential cost of a network access review has prevented the County from having one performed.

**TISHOMINGO COUNTY**  
Schedule of Findings and Responses  
For the Year Ended September 30, 2018

Recommendation:

The Board of Supervisors should perform a network access review as soon as possible consisting of risk assessments, vulnerability scans and penetration tests. These tests should be conducted by qualified personnel that specialize in such assessments.

Response:

Pro-Tech is performing a review of CRMS and email through TRPDD in December 2020. They will be providing an estimate for performing a review of Tishomingo County in 2021. We will review the estimate and act accordingly.

Repeat Finding:

Yes (2017-005)

Significant Deficiency.

2018-002

Criteria:

A critical aspect of effective cyber security is a policy for information technology.

Condition:

As reported in prior years' audits, the County has not adopted a formal Information Security Policy or Enterprise Security Plan.

Effect:

The lack of a formal Information Security Policy can lead to a breakdown of basic security practices in the areas of application security, LAN/WAN security, management of the security application and internet protocol.

Cause:

The County failed to implement a formal Information Security Policy or Enterprise Security Plan.

Recommendation:

The County should create a plan of compliance with industry standards to ensure progress towards a robust documented information security plan. This policy should be reviewed and approved by the Board of Supervisors. In addition, employees that utilize technology should review and accept such policies before access to computer resources is granted to employees. Proof of approval by management and acceptance by employees should be retained for review by auditors.

Response:

There is a rough draft of the information policy being circulated among TRPDD and NEMPDD counties. Rough draft should be approved and ready for circulation in the 2021 fiscal year.

Repeat Finding:

Yes (2017-007)

**TISHOMINGO COUNTY**  
Schedule of Findings and Responses  
For the Year Ended September 30, 2018

Significant Deficiency.

2018-003      Criteria:

The County's server room should have limited access and proper environmental equipment for electronic equipment.

Condition:

As reported in prior years' audits, the County's computer room is not a dedicated room with limited, controlled access and proper environmental equipment for electronic equipment. The room is secure in that there are people working during business hours in and around the computer. However, the computer is in the open and has the potential to be accessed by unauthorized personnel. The room does have air conditioning but it does not have monitoring equipment for other conditions that can have an adverse effect on electronic equipment.

Effect:

Lack of monitoring equipment could result in an environmental condition affecting the County's server. If there is an incident, the County could lose vital records.

Cause:

The County does not have a separate secure room to house their computer server.

Recommendation:

The County should establish an area specifically for computerized equipment that can be locked and provisioned with environmental control and monitoring equipment in relation to heat, humidity, and other conditions that might affect computerized equipment. This equipment should also have the capability to notify the proper personnel when these conditions vary outside of preset ranges. A log should also be maintained of visitors entering and exiting the computer room. In addition, access reviews should be completed on a periodic basis to determine that only authorized personnel have access to the computer room. Documentation of visitors to the computer room as well as periodic access reviews should be maintained for review by audit personnel.

Response:

The County will do a study with TRPDD and NEMPDD in 2021 to see if the courthouse has a potential room that can be converted to a potential computer room. The study will also look at potential costs for moving all wired connections and servers to the computer room. County will budget for this conversion in 2022 if a suitable location can be identified in the courthouse.

Repeat Finding:

Yes (2017-008)